Leopalace21 Corporation
Financial Results for Q1 Fiscal Year 2026

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Executive Summary

PL

Net sales and profits are broadly **in line with the plan** for Q1 FY2026.

- Net sales: JPY 115.9 bn (-JPY 0.1 bn vs plan)
- Operating profit: JPY 12.1 bn (-JPY 0.1 bn vs plan)
- Recurring profit: JPY 12.2 bn (+JPY 0.0 bn vs plan)
- Net income: JPY 7.0 bn (-JPY 0.0 bn vs plan)

Leasing Business

The average unit rent for new contracts and the occupancy rate for Q1 FY2026 **achieved the plan**.

The average unit rent for new contracts (index) in June marked the record high of 123 (up 11 p YoY). The average occupancy rate for Q1 FY2026 was 87.23% (up 0.98 p YoY).

Development Business

Progressing steadily toward the FY 2026 full-year plan of 140 apartment buildings.

- No. of buildings: 31 (+2 YoY)
- No. of units: 476 (+46 YoY)
- Order receipts: JPY 4,578 mil (+JPY 644 mil YoY)

Chapter 1

Outline of the Financial Results for Q1 FY2026

1. PL

Leopalace21

(JPY million)	Comparison with Q1 FY2026		Q1 FY2025 Actual*	Q1 FY2026 Actual	Q1 FY2026 Plan	Comparison with Q1 FY2026 Plan	
Net sales	+3.7%	+4,184	111,717	**115,902**	116,100	(197)	(0.2%)
Cost of sales	+3.2%	+2,778	86,612	**89,391**	89,900	(508)	(0.6%)
Gross profit	+5.6%	+1,406	25,105	**26,511**	26,200	+311	+1.2%
%	+0.4 p	–	22.5%	**22.9%**	22.6%	–	+0.3 p
SG&A	+12.0%	+1,536	12,851	**14,388**	13,900	+488	+3.5%
Operating profit	(1.1%)	(130)	12,253	**12,123**	12,300	(176)	(1.4%)
%	(0.5 p)	–	11.0%	**10.5%**	10.6%	–	(0.1 p)
EBITDA	(1.6%)	(213)	13,347	**13,133**	13,100	+33	+0.3%
Recurring profit	+6.2%	+715	11,563	**12,279**	12,200	+79	+0.6%
Net income	+1,166.2%	+6,479	555	**7,034**	7,100	(65)	(0.9%)
EPS (JPY)	+1,283.8%	+20.54	1.60	**22.14**	22.35	(0.21)	(0.9%)

Factors contributing to changes

■ Net sales
The average unit rent remained at a high level primarily due to corporate contracts, leading to significant growth YoY.

■ Cost of sales
Increase YoY due to enhanced properties maintenance.

■ SG&A
Increased YoY due to the promotion of investments in human capital and DX initiatives.

■ Non-operating income
Total JPY 0.34 bn, up JPY 0.23 bn YoY, incl. foreign exchange gain of JPY 0.13 bn, up JPY 0.13 bn YoY.

■ Non-operating expenses
Total JPY 0.18 bn incl. interest expenses of JPY 0.15 bn.
(Total JPY 0.79 bn incl. interest expenses of JPY 0.24 bn and commission fee of JPY0.26 bn in the previous fiscal year.)

■ Net income
An extraordinary loss of JPY 10.0 bn was recorded in the previous fiscal year due to the cancellation of treasury stock acquisition rights.

* Figures for FY2025 are presented on a restated basis following the accounting policy change effective from the beginning of Q1 FY2026.

2. PL (Quarterly Comparison)

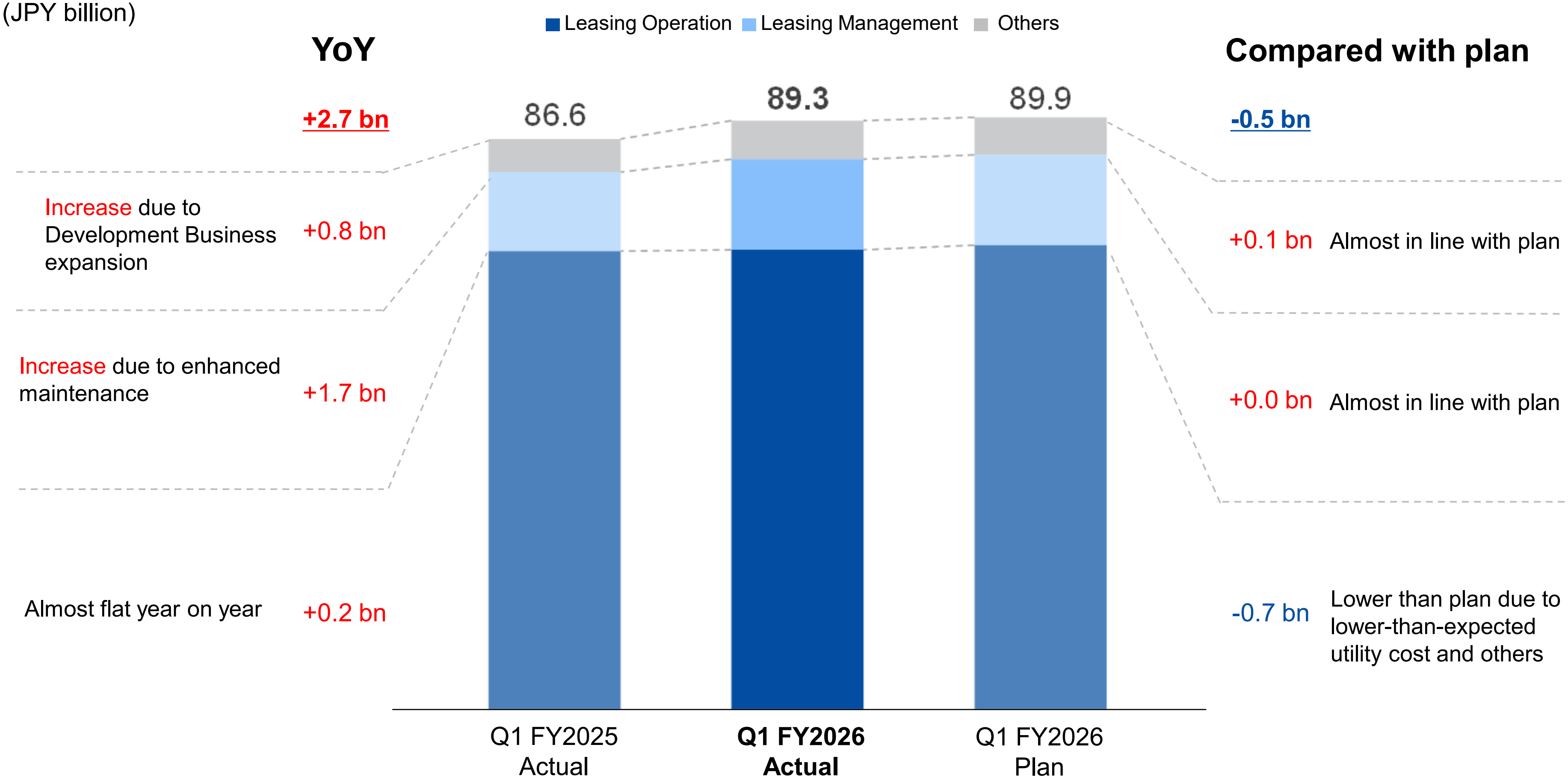
(JPY million)	FY2025*				FY2026					
	Q1	Q2	Q3	Q4	Q1		Q2	Q3	Q4	FY Total
	Actual	Actual	Actual	Actual	Plan	Actual	Plan	Plan	Plan	Plan
Net sales	111,717	110,293	110,699	112,109	116,100	**115,902**	115,800	116,300	116,800	465,000
Cost of sales	86,612	88,846	89,514	90,372	89,900	**89,391**	92,200	93,000	93,100	368,200
Gross profit	25,105	21,446	21,185	21,736	26,200	**26,511**	23,600	23,300	23,700	96,800
SG&A	12,851	13,632	12,612	14,144	13,900	**14,388**	14,500	14,400	15,500	58,300
Operating profit	12,253	7,813	8,572	7,591	12,300	**12,123**	9,100	8,900	8,200	38,500
Recurring profit	11,563	7,482	8,761	7,300	12,200	**12,279**	9,000	8,900	8,000	38,100
Net income	555	4,131	5,318	5,091	7,100	**7,034**	5,200	5,200	4,700	22,200

* Figures for FY2025 are presented on a restated basis following the accounting policy change effective from the beginning of Q1 FY2026.

3. Cost of Sales

Cost of sales for Q1 FY2026 increased compared with the Q1 FY2025 due to factors such as enhanced maintenance efforts.

(JPY billion)



Increase from the previous year due to investing in human resources and DX.

(JPY billion)

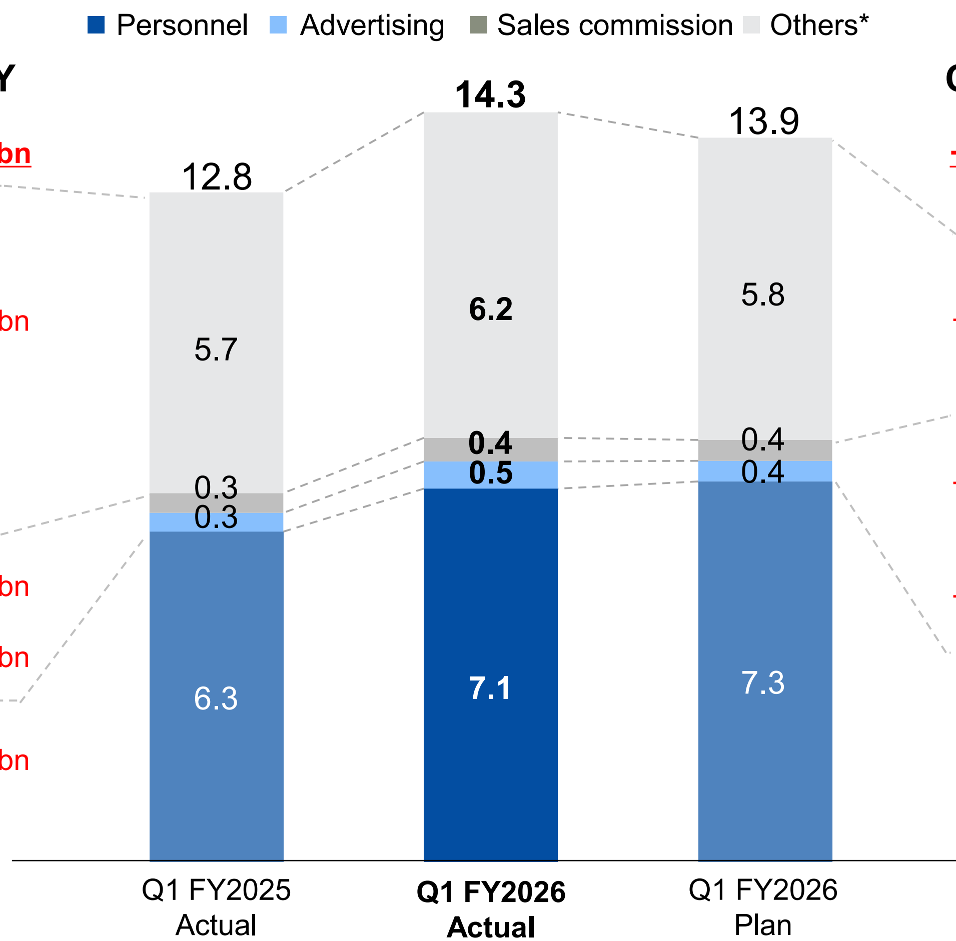
YoY

+1.5 bn

+0.5 bn — Promoting investment in DX (expenses by various departments expanded incl. system license fee and others)

+0.0 bn / +0.1 bn — The number of contracts involving real estate agents was slightly increased compared with the previous period

+0.8 bn — Promoting investment in human resources (improvement to employee compensation and benefits and in the number of employees by 242 from the end of previous period)



Compared with plan

+0.4 bn

+0.4 bn — Promoting investment invested in DX etc. (expenses by various departments expanded incl. system license fee and others)

+0.0 bn / +0.1 bn — The number of contracts involving real estate agents was slightly above the plan

-0.1 bn — Almost in line with the plan

*Others: Commission fee, taxes and public charges, repair and maintenance expenses, rent expense, travelling, depreciation and amortization, etc.

5. BS

(JPY million)	End of FY2025**	End of Q1 FY2026	Change from the end of previous quarter	Factors contributing to changes
Cash and deposits	57,908	**65,719**	+7,811	■ Cash and deposits Revenue and other income from the Leasing Business increased by JPY 7.8 billion from the end of FY2025.
Trade receivables	7,927	**7,132**	(794)	
Total assets	178,331	**182,754**	+4,423	
Interest-bearing debt*	32,600	**32,448**	(152)	
Provision for warranty obligations on completed projects	6,263	**5,705**	(558)	
Provision for apartment vacancy loss	2,913	**3,193**	+280	
Total liabilities	130,180	**129,510**	(669)	
Common stock	100	**100**	±0	
Capital surplus	15,015	**15,014**	(0)	■ Retained earnings Increased by JPY 5.3 billion from the end of FY2025 due to recognition of quarterly net income of JPY 7.03 billion and dividend payment of JPY 1.63 billion.
Retained earnings	28,106	**33,505**	+5,399	
Treasury stock	(8,749)	**(8,728)**	+20	
Total shareholders' equity	34,472	**39,891**	+5,418	
Total accumulated other comprehensive income	7,943	**8,246**	+303	
Ownership equity	42,416	**48,138**	+5,722	
Equity ratio	23.8%	**26.3%**	+2.5 p	
Share subscription rights	22	**22**	±0	
Non-controlling interests	5,712	**5,083**	(628)	■ Non-controlling interests Decreased by JPY 0.62 billion due to Leopalace Power's acquisition of treasury stock and dividend payment.
Total net assets	48,150	**53,244**	+5,093	

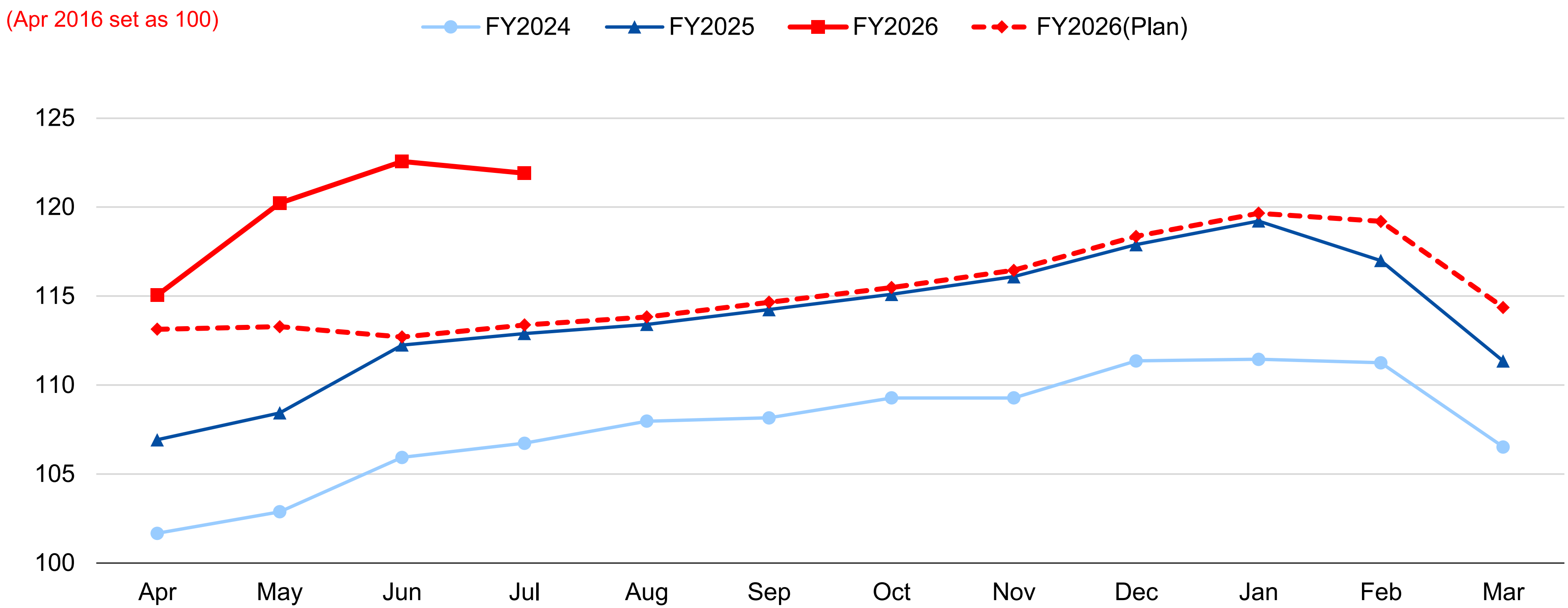
* Interest-bearing debt = borrowings + lease obligations

** Figures for FY2025 are presented on a restated basis following the accounting policy change effective from the beginning of Q1 FY2026.

Chapter 2 Leasing Business Conditions

1. Changes in Average Unit Rent for New Contracts

The average unit rent for new contracts (index) for June 2026, marked a record high of 123 mainly helped by the corporate customers' rising unit rent.

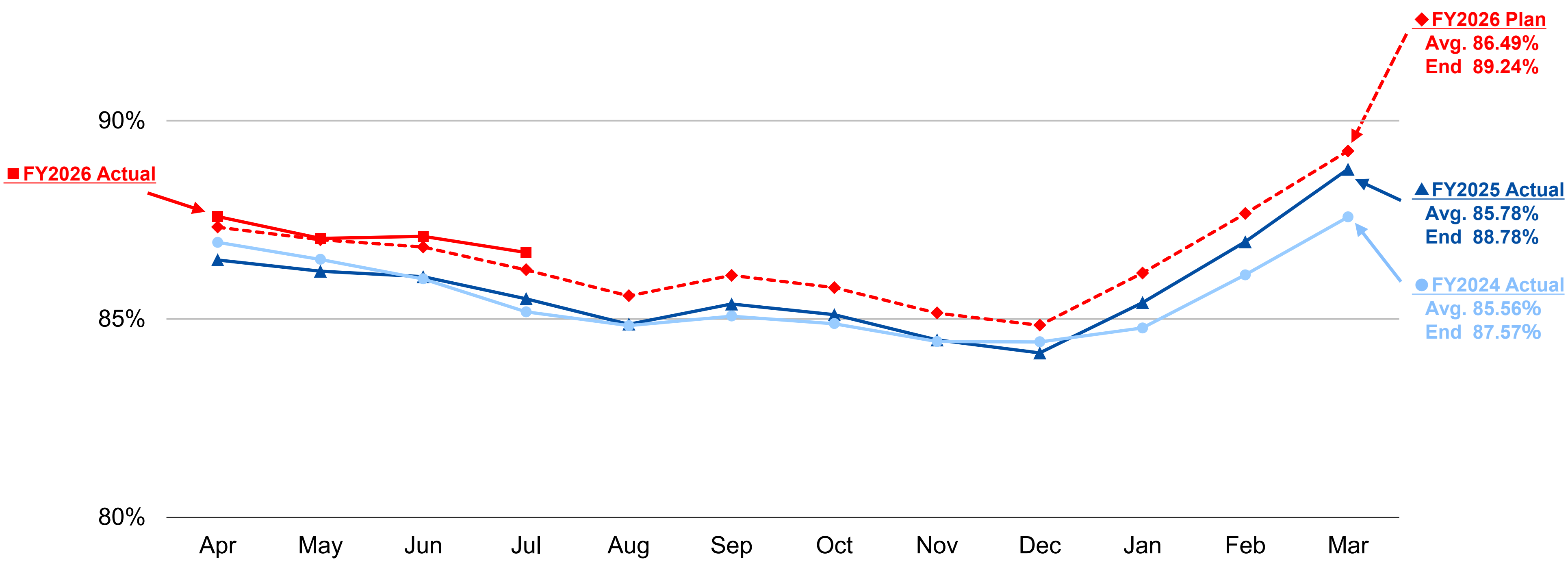


	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	FY Average
FY2024	102	103	106	107	108	108	109	109	111	111	111	107	108
FY2025	107	108	112	113	113	114	115	116	118	119	117	111	114
FY2026	115	120	123	122									

Monthly Data： https://www.leopalace21.co.jp/english/ir/finance/monthly/index.html

2. Movements in Occupancy Rate

Driven primarily by corporate contracts, mainly consisting of foreign national tenants, the average occupancy rate for Q1 FY2026 was 87.23% (+0.98 p YoY, and +0.19 p against the plan).

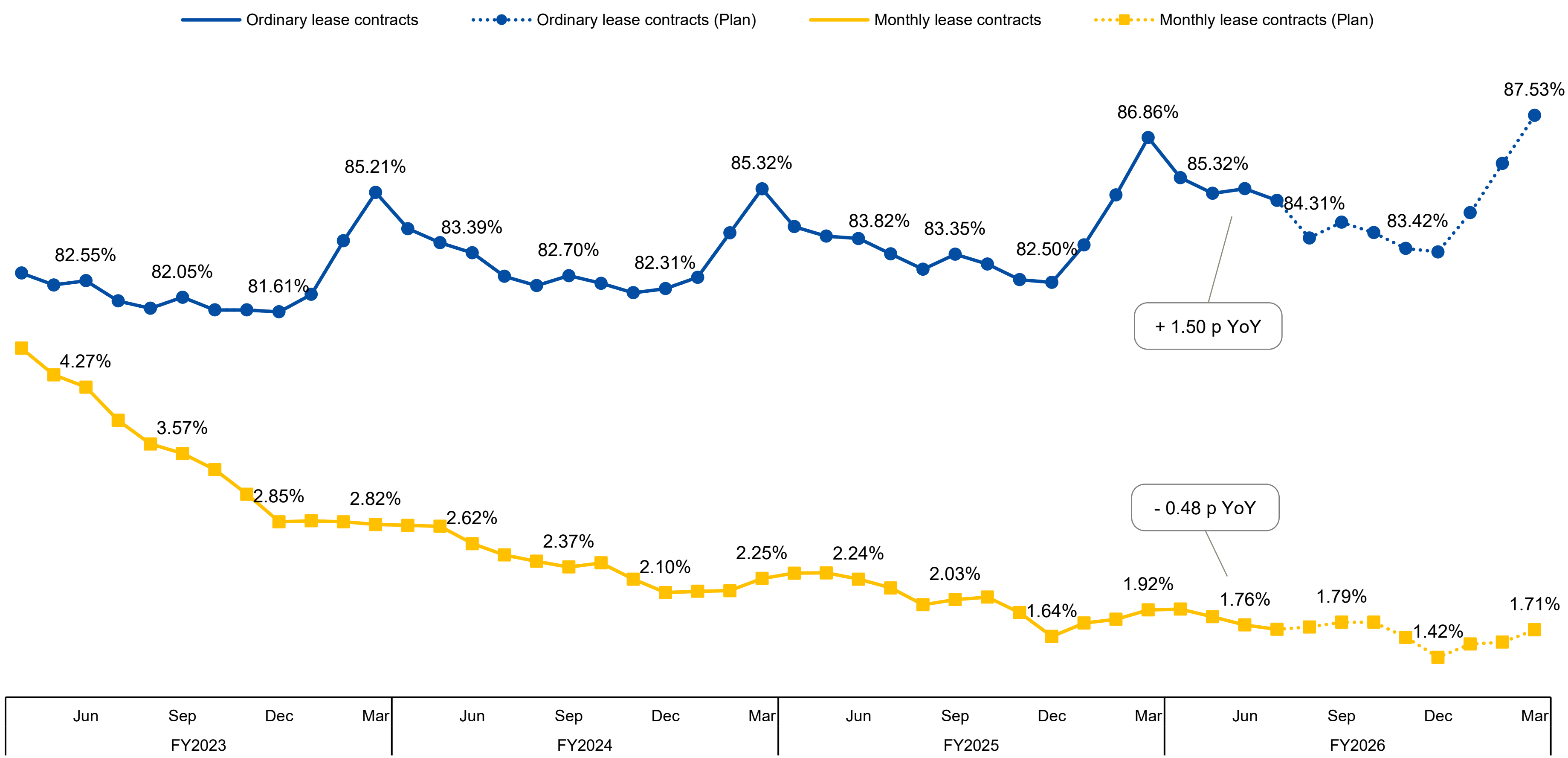


	Apr	May	Jun	Apr-Jun Average	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	FY Average
FY2024	86.93%	86.50%	86.01%	86.48%	85.18%	84.83%	85.07%	84.88%	84.43%	84.42%	84.77%	86.11%	87.57%	85.56%
FY2025	86.49%	86.20%	86.06%	86.25%	85.51%	84.87%	85.38%	85.11%	84.47%	84.14%	85.41%	86.94%	88.78%	85.78%
FY2026	87.58%	87.03%	87.08%	87.23%	86.68%									

Monthly Data： https://www.leopalace21.co.jp/english/ir/finance/monthly/index.html

3. Changes in Occupancy Rate by Type of Contract

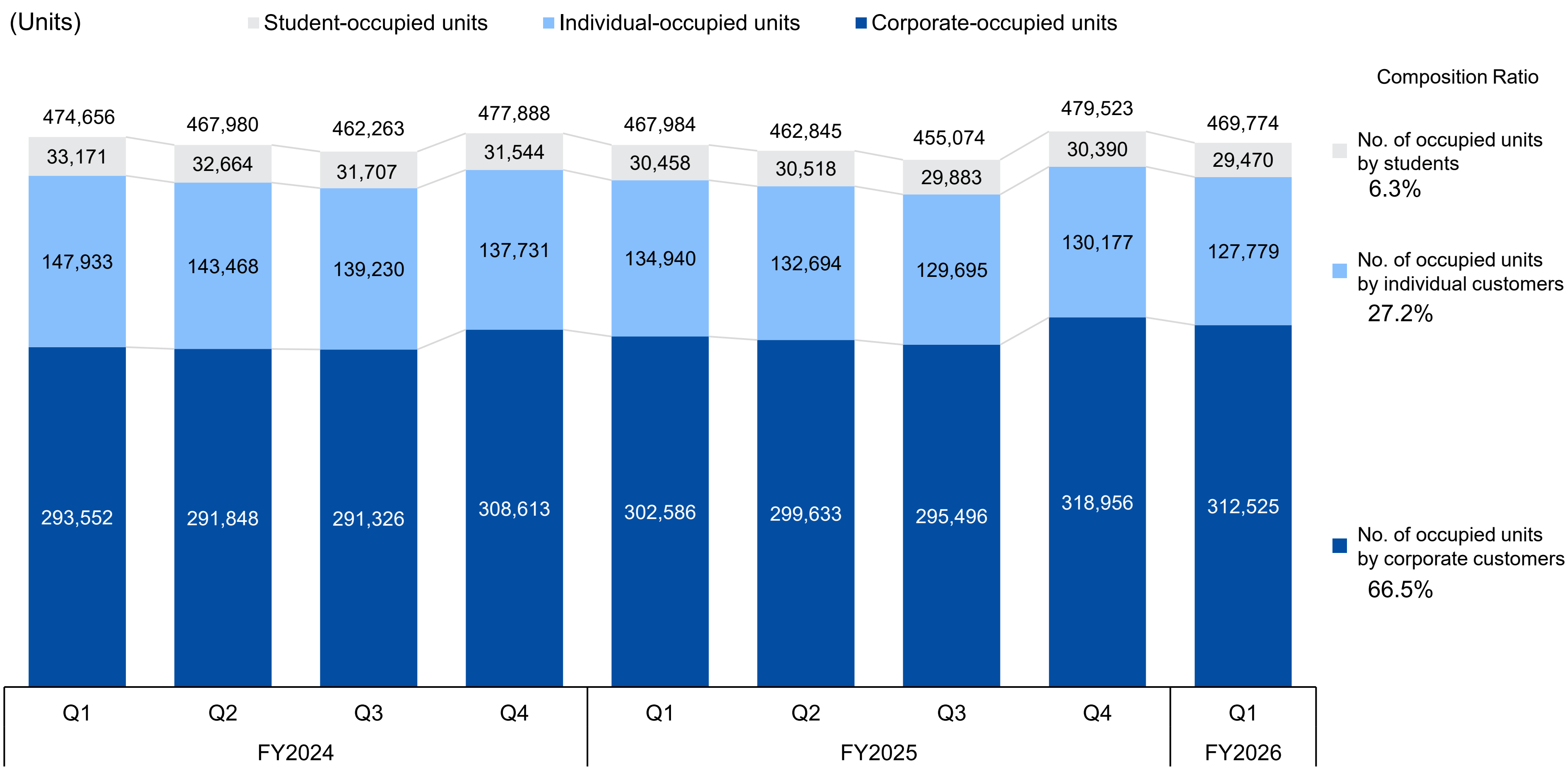
We continued a policy of restraining monthly lease contracts[*1] which yield low profits.
The occupancy rate for ordinary lease contracts[*2] has remained higher than the previous period.



Note 1: Short-term contract with a lump sum payment (monthly contract)
2: Long-term contract with monthly payment (ordinary contract)

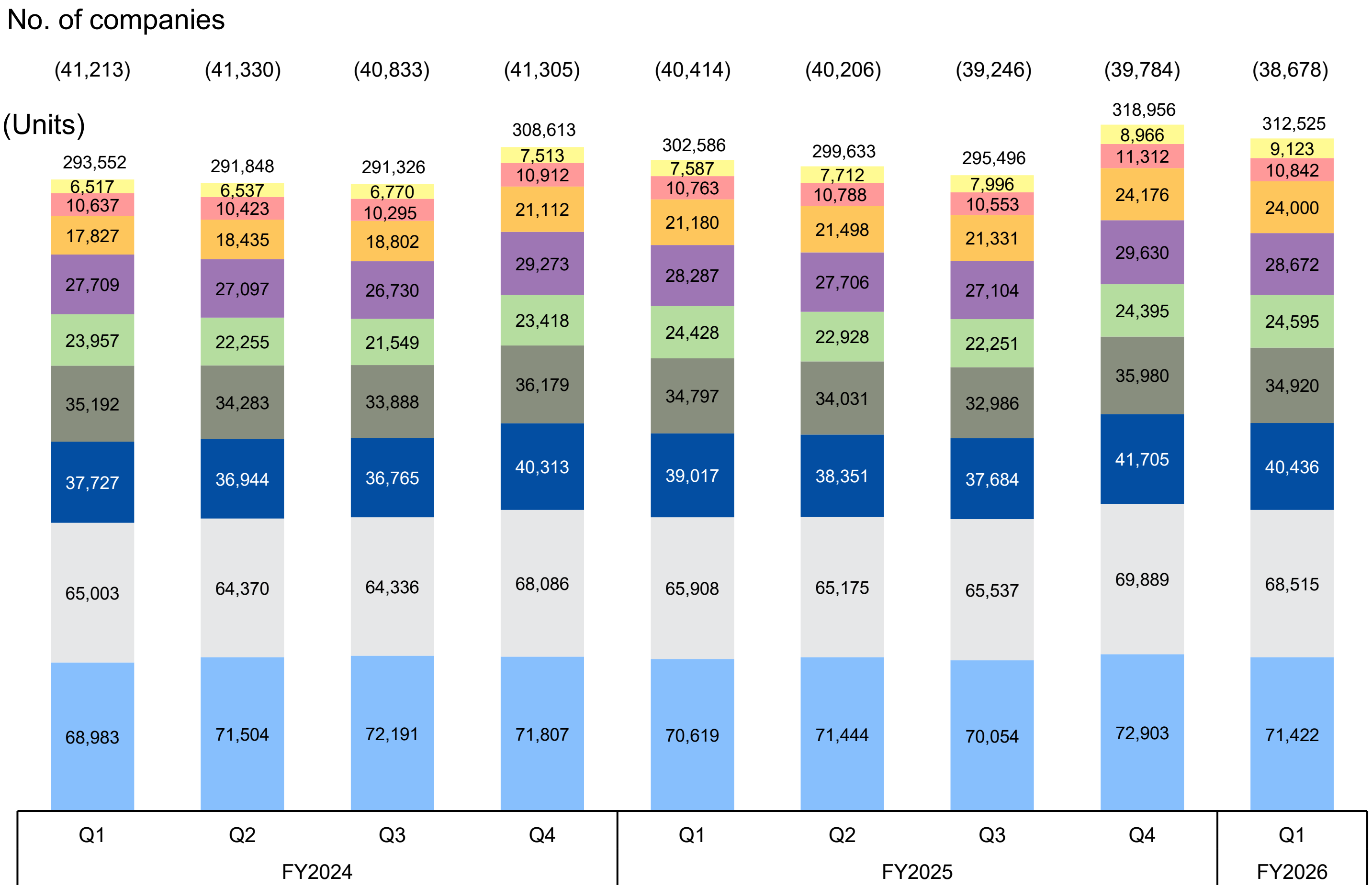
4. Shares of Occupied Units by Customer Segment

The composition ratio by the corporate customers remained at 66.5%, the highest level in the past.
(+1.8 p YoY, +0.0 p QoQ)



5. Occupancy by Industry

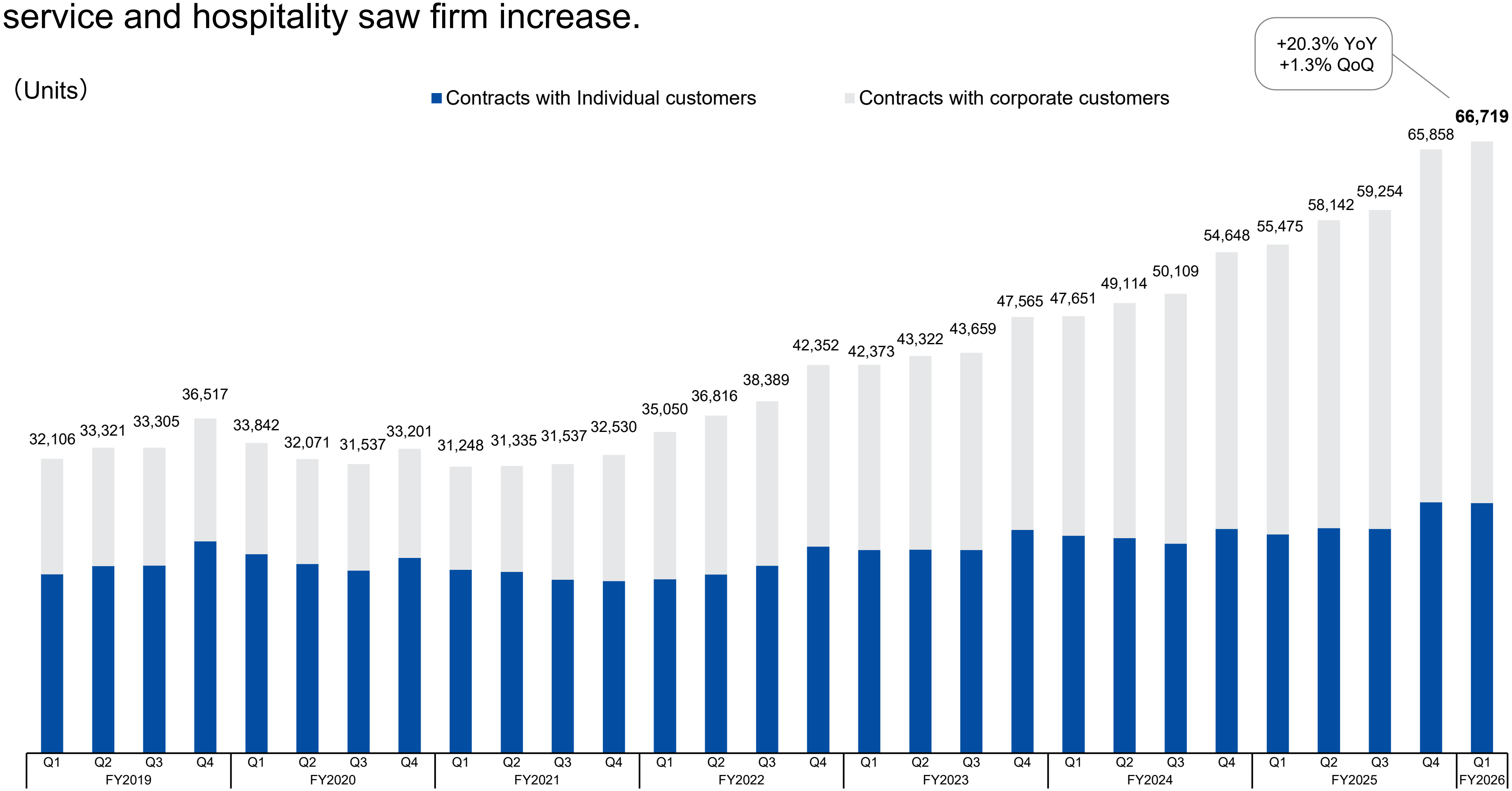
The number of units used by the corporate customers reached the highest level compared with Q1 of previous fiscal years. The numbers showed usual seasonal trends on QoQ, showing growth across all the industry on YoY.



	YoY	QoQ
	+3.3%	-2.0%
Medical and welfare services	+20.2%	+1.8%
Transportation	+0.7%	-4.2%
Food service and hospitality	+13.3%	-0.7%
Service	+1.4%	-3.2%
Others	+0.7%	+0.8%
Manufacturing	+0.4%	-2.9%
Wholesale / Retail	+3.6%	-3.0%
Staffing & outsourcing	+4.0%	-2.0%
Construction	+1.1%	-2.0%

6. No. of Units Used by Foreign Nationals

The number of units used by foreign national tenants reached a record high of 66,719, representing 14.2% of the total. The number of foreign national tenants in corporate contracts, particularly in the industry of medical and welfare services, wholesale/retail, construction, and food service and hospitality saw firm increase.



7. Units and Occupancy Rates by Prefecture

Q1 FY2026 followed the usual seasonal trend across Japan. Occupancy rates in Aomori and Akita increased both YoY and QoQ, driven by a rise in power plant and dam construction projects. Kumamoto and Miyazaki showed decreases both YoY and QoQ due to completion of major construction projects.

Q1 FY2026	Managed units (thousand)	Occupancy rate	YoY	QoQ
Hokkaido	13	84%	−2 p	+1 p
Aomori	3	84%	+7 p	+4 p
Iwate	3	88%	+2 p	+3 p
Miyagi	9	80%	+2 p	−1 p
Akita	2	95%	+7 p	+5 p
Yamagata	3	80%	−1 p	+2 p
Fukushima	9	81%	+1 p	−2 p
Ibaraki	15	89%	+3 p	−2 p
Tochigi	11	83%	+3 p	−1 p
Gunma	11	82%	+2 p	−1 p
Saitama	44	94%	+4 p	−2 p
Chiba	32	94%	+3 p	−3 p
Tokyo	41	96%	+1 p	−3 p
Kanagawa	39	93%	+1 p	−3 p
Niigata	8	81%	+2 p	+2 p
Toyama	5	89%	+5 p	−0 p

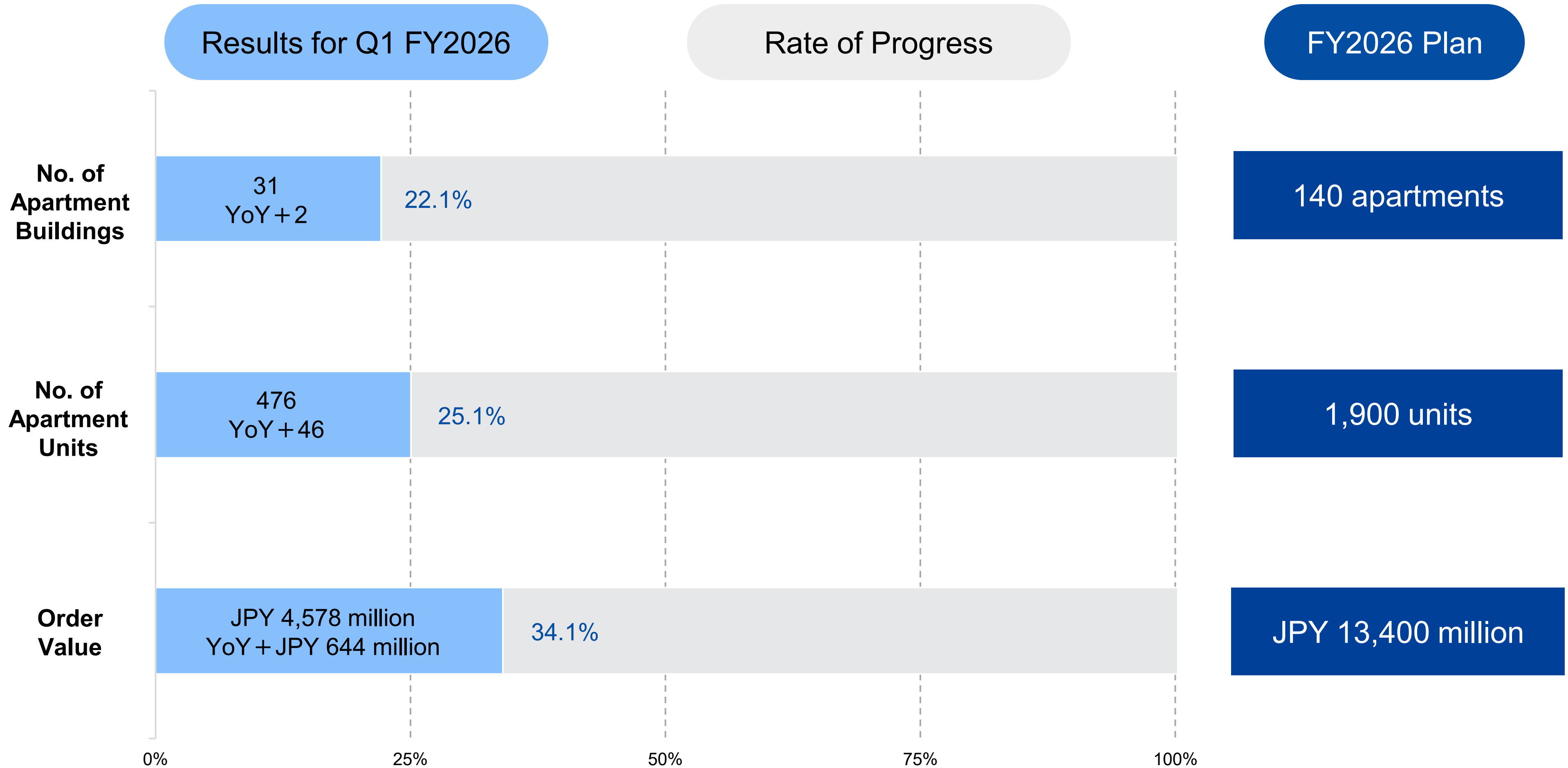
Q1 FY2026	Managed units (thousand)	Occupancy rate	YoY	QoQ
Ishikawa	5	89%	+0 p	−1 p
Fukui	4	85%	−6 p	+1 p
Yamanashi	4	95%	−0 p	+0 p
Nagano	10	86%	−3 p	−1 p
Gifu	7	83%	+2 p	+1 p
Shizuoka	23	79%	+0 p	−1 p
Aichi	40	86%	−1 p	−2 p
Mie	11	76%	+6 p	−2 p
Shiga	8	90%	+2 p	−1 p
Kyoto	8	88%	−2 p	−5 p
Osaka	29	90%	+2 p	−2 p
Hyogo	21	86%	−1 p	−3 p
Nara	3	84%	+2 p	−2 p
Wakayama	3	75%	+3 p	−3 p
Tottori	2	77%	−1 p	−3 p
Shimane	2	98%	+6 p	+1 p

Q1 FY2026	Managed units (thousand)	Occupancy rate	YoY	QoQ
Okayama	11	78%	−2 p	−4 p
Hiroshima	13	87%	+3 p	−2 p
Yamaguchi	7	80%	+2 p	−1 p
Tokushima	2	69%	−3 p	−1 p
Kagawa	4	76%	−0 p	−2 p
Ehime	4	72%	−0 p	−1 p
Kochi	2	79%	−0 p	−6 p
Fukuoka	19	89%	+1 p	−0 p
Saga	3	83%	+5 p	+2 p
Nagasaki	2	76%	−1 p	−4 p
Kumamoto	6	73%	−11 p	−2 p
Oita	4	80%	−2 p	−3 p
Miyazaki	2	73%	−14 p	−2 p
Kagoshima	3	74%	−5 p	−6 p
Okinawa	5	99%	−0 p	−0 p
Total	539	87%	+1 p	−2 p

Chapter 3 Development Business Conditions

Chap 3
1. Order Receipt Plan and Rate of Progress

We expanded the activities in Osaka, Hiroshima and Fukuoka in FY2026. The number of apartment buildings ordered, the number of units ordered, and order value remained solid, all exceeding the prior-year level.



2. Launched New Model Named *ArLk*

Designed to redefine single living.

Building on our expertise as a leader in studio apartments, we've launched the new model created with fresh ideas—free from conventional norms.

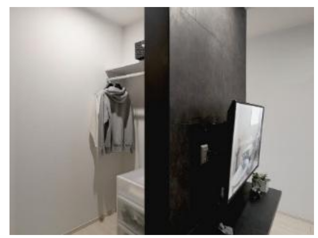
Embrace a new style: versatile single living

Standard with a wall-mounted TV to maximize space. The adjustable mount allows you to position it to suit your lifestyle. For evolving cooking styles, the kitchen features an easy-to-clean tabletop IH cooking heater.

Move the heater aside to free up the worktop and create more cooking space.

Minimal partitions

Removing interior walls reduces construction costs compared to previous models. Connected spaces allow for consistent air conditioning, ensuring uniform comfort. The open design enhances a sense of spaciousness and improves space efficiency.



Walk-in open closet

Sanitary area

Built with a reinforced ceiling

Adopts a reinforced ceiling designed to prevent fire spread during a blaze. In addition to improved sound insulation and enhanced fire-resistance performance, it also promotes better constructability.

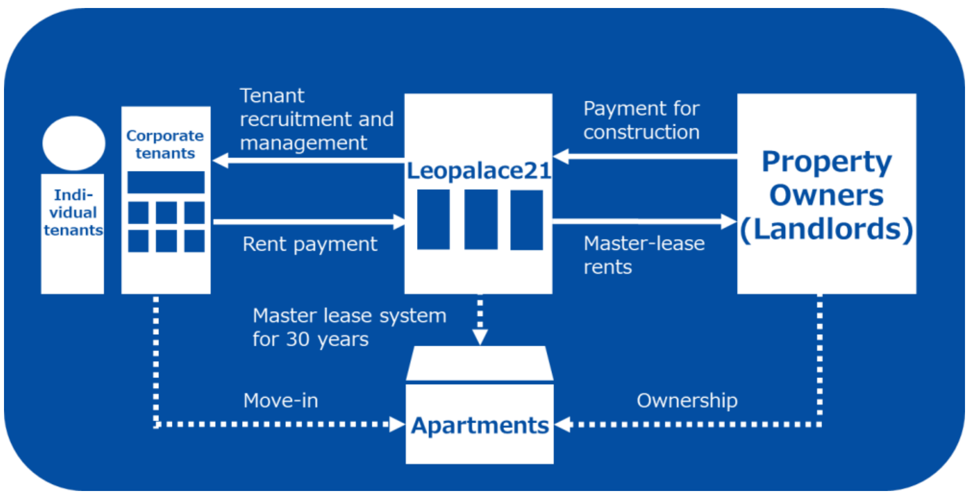
Appendix

Corporate Data (as of June 30, 2026)

Established	August 17, 1973
Paid-in Capital	JPY 100 million
Representative Director	Bunya Miyao, President and CEO
Employees	4,323 (consolidated), 2,832 (non-consolidated)
Authorized Shares	750,000,000
Outstanding Shares	334,415,678
Shareholders	32,047 (as of March 31, 2026)

Business Model

Providing apartment units equipped with furniture and appliances
72% of the listed companies have used Leopalace21's services



Group Companies (as of June 30, 2026)

Leasing

- **Leopalace Leasing** – Corporate housing agent
- **Plaza Guarantee** – Rent guarantee
- **ASUKA SSI** – Tenant contents insurance
- **Leopalace Power** – Power generation
- **Leopalace21 Business Consulting (Shanghai)** – Tenant recruitment
- **Leopalace Green Energy** – Sustainable Energy Provider

International*

- **Leopalace21 Singapore Pte. Ltd.** – Investment management

Elderly Care

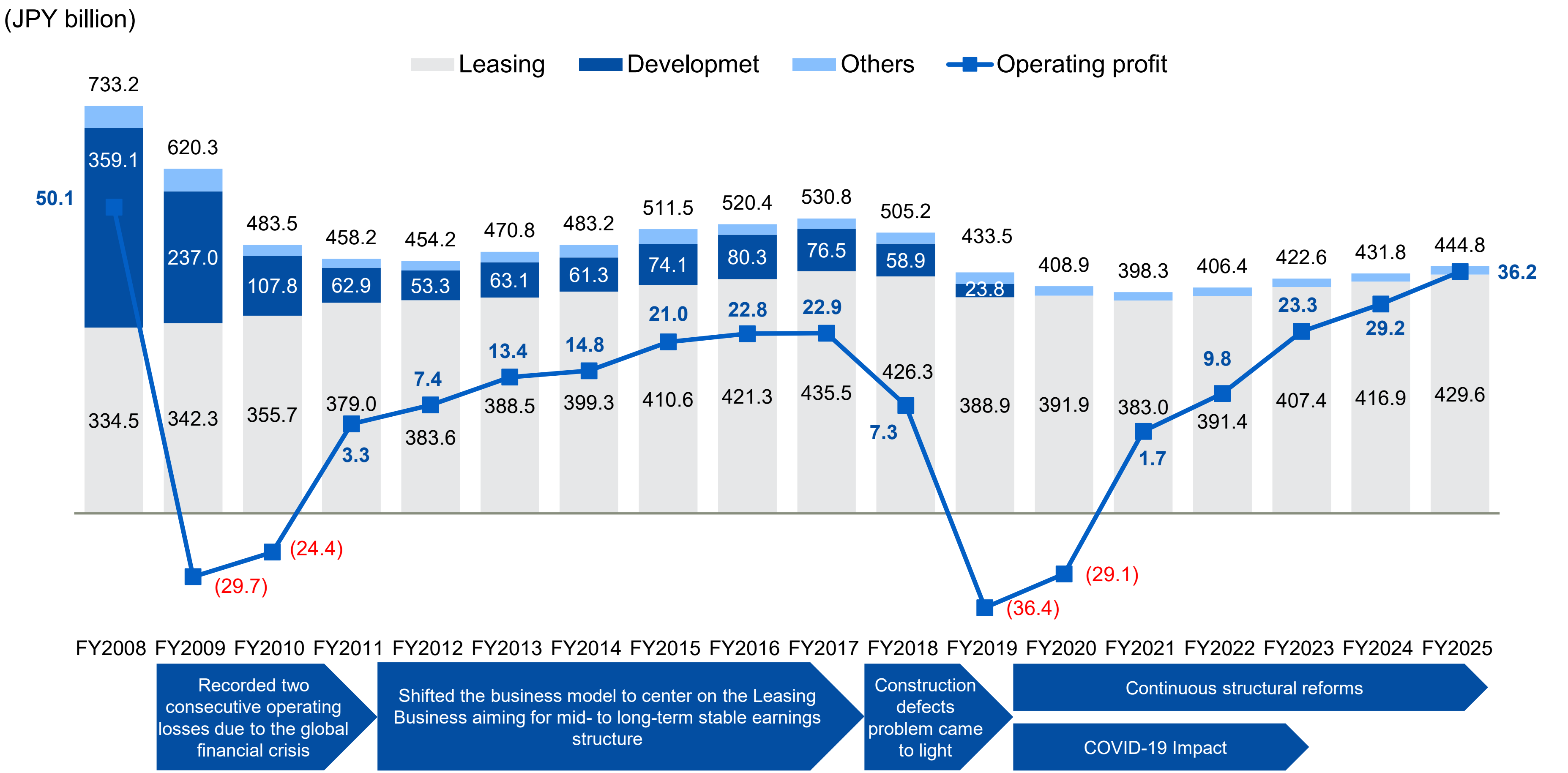
- **Azu Life Care** – Elderly care service
- **Azu Residence** – Elderly care service

Others

- **Leopalace Guam Co.** – Resort Business
- **Leopalace Smile** – Special subsidiary

* Results of the International Business are reported under the Leasing Business segment.

Leopalace21 shifted its business model to center on the Leasing Business after the global financial crisis.
With construction defects problem coming to light in FY2018 and another blow by COVID-19 impact starting from FY2020, implementing continuous structural reforms turned operating profit in five consecutive years from FY2021.



* Figures for FY2025 are presented on a restated basis following the accounting policy change effective from the beginning of Q1 FY2026.

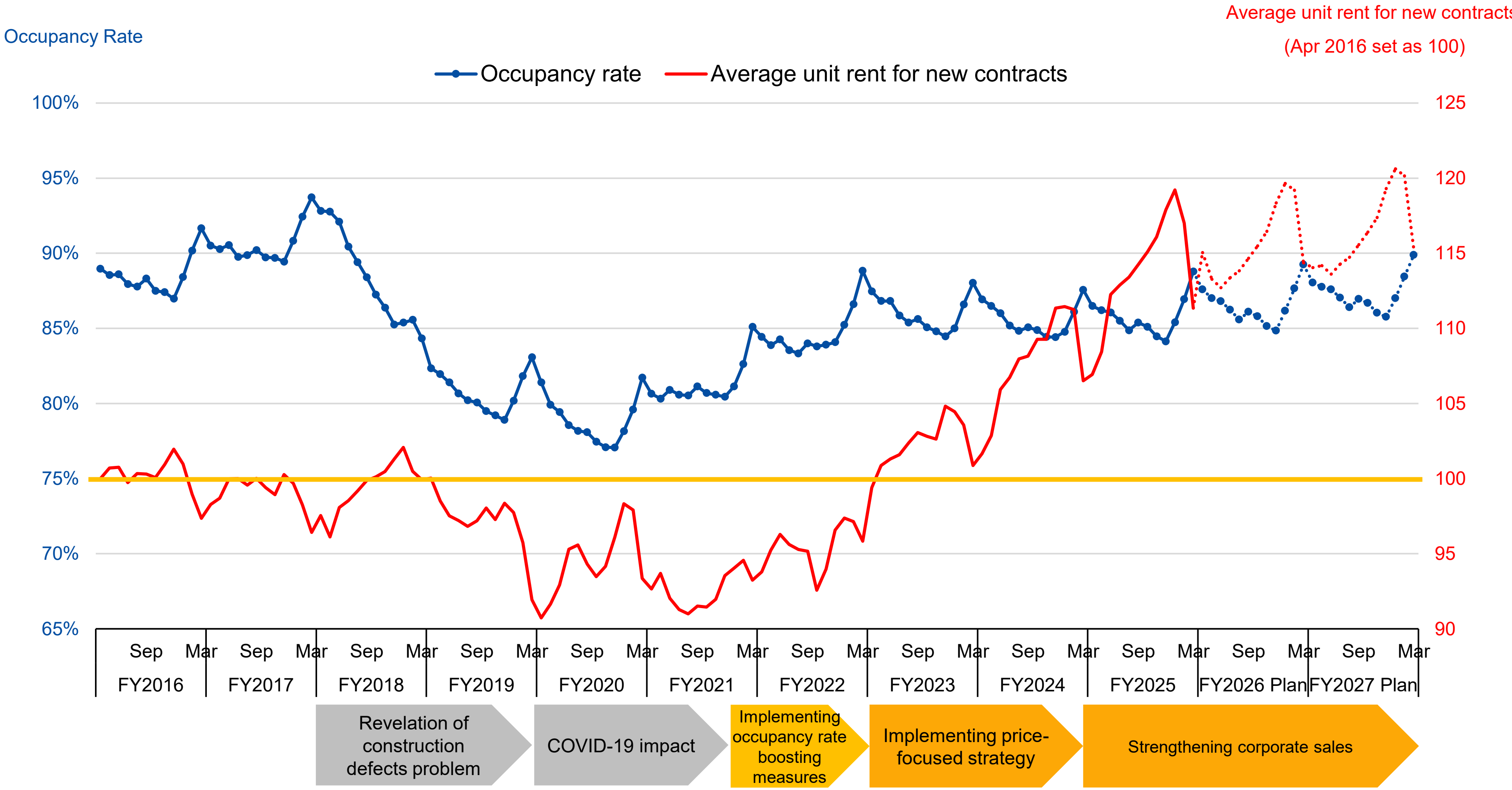
Leopalace21

Both net sales and profits are expected to increase due to the Development Business expansion and the rising average unit rent for all occupied units in the Leasing Business.

(JPY million)	FY2025 Actual*	FY2026 Plan	Change Amount	Change %	FY2027 Plan	Change Amount	Change %
Net sales	444,820	**465,000**	+20,179	+4.3%	**477,800**	+12,800	+7.4%
Cost of sales	355,346	**368,200**	+12,853	+3.5%	**374,600**	+6,400	+5.4%
Gross profit	89,473	**96,800**	+7,326	+7.6%	**103,200**	+6,400	+15.3%
%	20.1%	**20.8%**	–	+0.7 p	**21.6%**	–	+0.8 p
SG&A	53,242	**58,300**	+5,057	+8.7%	**60,100**	+1,800	+12.9%
Operating profit	36,231	**38,500**	+2,268	+5.9%	**43,100**	+4,600	+19.0%
%	8.1%	**8.3%**	–	+0.2 p	**9.0%**	–	+0.7 p
Recurring profit	35,107	**38,100**	+2,992	+7.9%	**42,700**	+4,600	+21.6%
Net income	15,097	**22,200**	+7,102	+32.0%	**25,000**	+2,800	+65.6%

* Figures for FY2025 are presented on a restated basis following the accounting policy change effective from the beginning of Q1 FY2026.

The average unit rent for new contracts has been on an upward trend, driven by the price-focused strategy implemented starting in FY2023 and the elevated average unit rent achieved by the corporate contracts in FY2025.

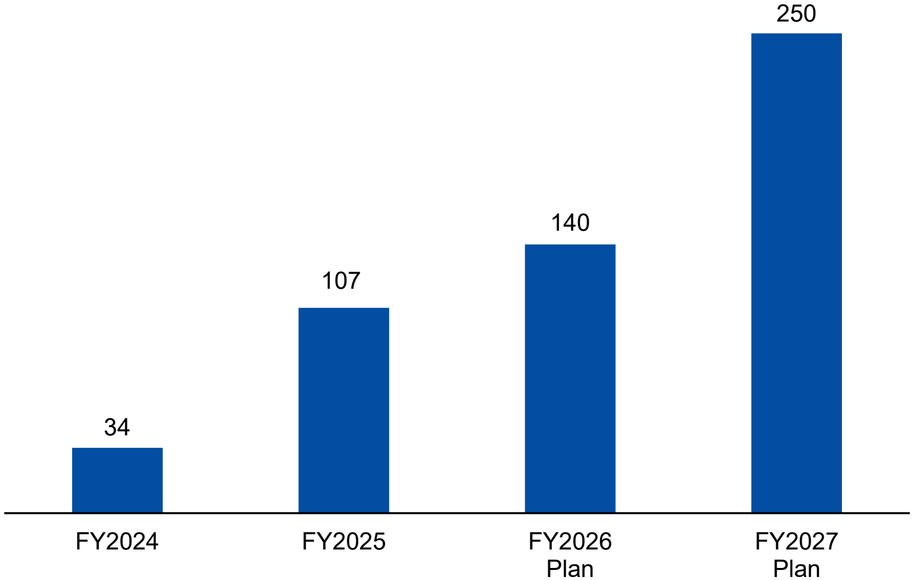


Promoted a slower decline in the number of apartment units under management and reduced the average age of apartment buildings through rebuilding existing apartments and land-set sales.

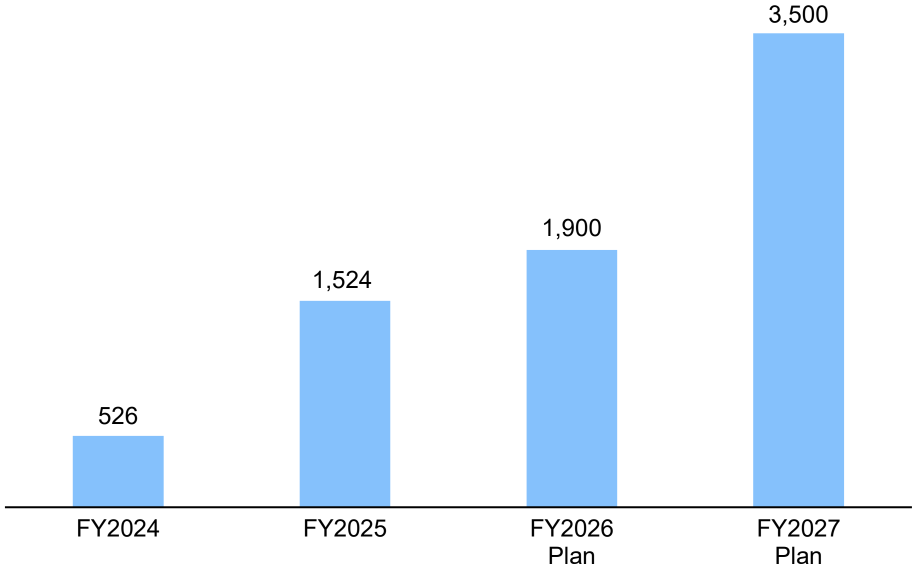
Changes in no. of apartment units under management

FY2024	FY2025	FY2026 (plan)	FY2027 (plan)
546,000	540,000	537,000	534,000

Order intake: no. of apartment buildings



Order intake: no. of apartment units



6. Revision of management Indicators

		FY2025 Actual*	FY2026 Plan	FY2027 Plan**
Capital Efficiency	ROE*	24.7%	44%	37%
	ROIC*	27.8%	33%	30%
Profitability	EPS	JPY 45.63	JPY 69.87	JPY 78.68
	EBITDA (JPY million)	40,585	41,900	46,800
Financial Soundness	Debt to EBITDA Ratio	0.8x	0.8x	0.7x

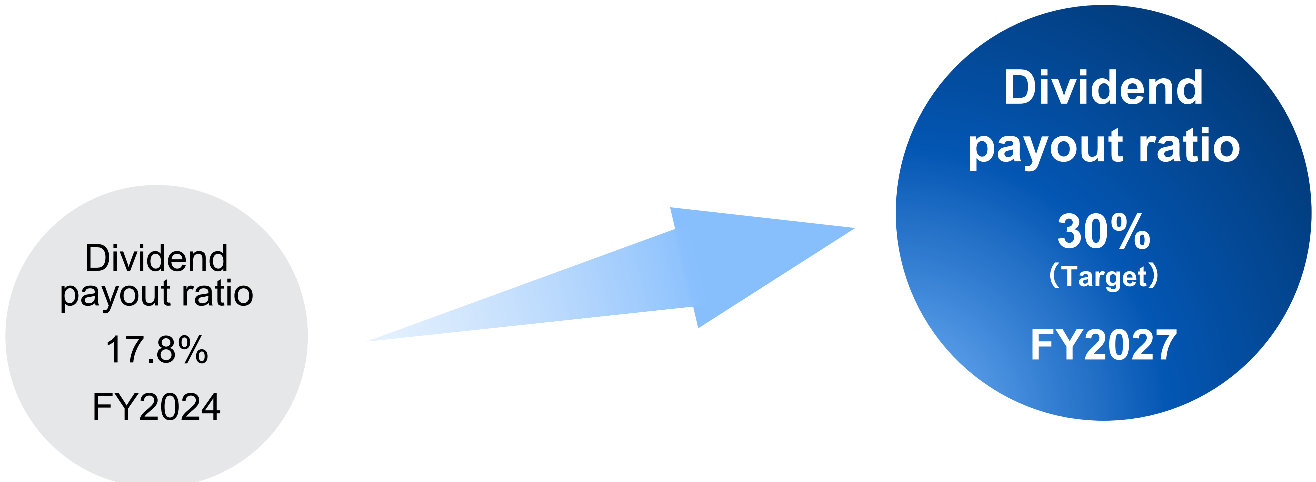
ROE = Net income / Average shareholders' equity during the period
ROIC = NOPAT (Net Operating Profit After Tax) / Average invested capital during the period (interest-bearing debt + shareholders' equity)

EPS = Net income / Average number of shares outstanding during the period
EBITDA = Operating income + Depreciation and amortization

DEBT to EBITDA Ratio = interest-bearing debt at period-end / EBITDA

* Figures are presented on a restated basis following the accounting policy change effective from the beginning of Q1 FY2026.
** Excludes the impact of the new lease accounting standard scheduled to be adopted from FY2027.

We paid an annual dividend of JPY 10 for FY2025, and intend to increase it to JPY 15 for FY2026, with a target dividend payout ratio of 30% for FY2027.



Dividend Policy

- We plan to utilize cash generated from the growth of the Leasing Business to implement stable shareholder returns.
- We aim to continue stable dividends while balancing investment in growth and shareholder returns.

Dividend per share

	End of Q2	End of FY	Total	Dividend payout ratio (Consolidated)
FY2024	JPY 5.00	JPY 5.00	JPY 10.00	17.8%
FY2025	JPY 5.00	JPY 5.00	JPY 10.00	21.9%*
FY2026 (Forecast)	JPY 5.00	JPY 10.00	JPY 15.00	21.5%

* Figures for FY2025 are presented on a restated basis following the accounting policy change effective from the beginning of Q1 FY2026.

8. Outline of the Capital Strategy Related to Fortress (2020-2025)

To alleviate concerns about dilution related to the exercise of stock acquisition rights, we executed a Tender Offer for Treasury Stock, Repurchase of Treasury Stock Acquisition Rights and Cancellation of Treasury Stock.

2020

1. Issuance of New Shares through Third Party Allotment
Approx. JPY 12.0 billion

- Type and no. of shares issued Common stock
  84,507,000 shares
- Issue Price
  JPY 142 per share

2. Issuance of Stock Acquisition Rights in Connection with Loan
Approx. JPY 30.2 billion

【Stock Acquisition Rights】
- Total no. of stock acquisition rights
  159,748,700 units
- No. of dilutive stocks
  163,196,513 shares*

[Loan]
- Amount of loan
  JPY 30.0 billion
  Refinanced from Mizuho Bank
  (As of March 7, 2025)

3. Issuance of Preferred Stock by a Consolidated Subsidiary, Leopalace Power
JPY 15.0 billion

- Type and no. of shares issued
  Class A Preferred Stock
  750,000 shares
- Dividend
  7%

2025

Partial Sale of Share
34,000,000 shares

- Date of Change
  September 30, 2025
- No. of shares held after sale
  50,507,600 shares

Tender offer for Treasury Stock
Total acquisition amount: Approx. JPY 71.6 billion

- Tender offer price
  JPY 522
- No. of shares acquired
  137,072,803 shares
  (No. of shares acquired ①: Equivalent to 134,176,899 Stock Acquisition Rights)

Cancelled 132,046,640 shares of treasury stock on September 29, 2025

Repurchase of Treasury Stock Acquisition Rights
Total acquisition amount: Approx. JPY 10.0 billion

- Acquisition price
  JPY 383
- No. of dilutive shares
  26,123,710 shares *
  (No. of shares acquired ②: 25,571,801 Stock Acquisition Rights)

Cancelled treasury stock acquisition rights on June 30, 2025

Treasury Stock Acquisition by Leopalace Power

- No. of acquired shares:
  302,500
- No. of remaining shares:
  447,500

(As of June 30, 2026)

*Taking into account the no. of additional shares to be issued for stock acquisition rights, based on the terms and conditions of the 5th series stock acquisition rights.

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